

LABRADOR GOLD CORP.

(Formerly Nikos Explorations Ltd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE and NINE MONTHS ENDED JUNE 30, 2018 and 2017
UNAUDITED – PREPARED BY MANAGEMENT**

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements then these financial statements must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

LABRADOR GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION - UNAUDITED
(Expressed in Canadian Dollars)

	Note	June 30, 2018 (\$)	September 30, 2017 (\$)
ASSETS			
Current assets			
Cash		347,536	140,959
Amounts receivable		247,676	11,859
Prepaid expenses		541	498
		595,753	153,316
Non-current assets			
Unproven mineral right interests	2, 4	3,131,173	914,859
		3,726,926	1,068,175
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and accrued liabilities	3	425,465	26,124
Shareholders' equity			
Share capital	2	12,634,975	10,151,907
Share-based payments reserve	2	694,892	358,212
Deficit		(10,028,406)	(9,468,068)
		3,301,461	1,042,051
		3,726,926	1,068,175
Nature of operations and going concern	1		
Subsequent events	6		
On behalf of the Board:			
"James Borland"		"Trevor Boyd"	
Director		Director	

The accompanying notes are an integral part of these condensed interim financial statements.

LABRADOR GOLD CORP.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS - UNAUDITED**

(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
		June 30,		June 30,	
	Note	2018	2017	2018	2017
		(\$)	(\$)	(\$)	(\$)
EXPENSES					
General and administration expenses					
Consulting and management fees	3	34,733	4,576	73,108	13,088
Office and miscellaneous		9,607	2,323	24,250	5,090
Professional fees		14,006	303	38,662	12,552
Regulatory and transfer fees		3,858	1,059	35,321	19,299
Share-based compensation	2, 3	-	-	314,120	95,842
Shareholder communications		33,455	569	74,877	2,921
Net loss and comprehensive loss		(95,659)	(8,830)	(560,338)	(148,792)
Weighted average number of shares outstanding		37,857,830	25,193,138	35,227,789	24,458,737
Basic and diluted loss per share		-	-	(0.02)	(0.01)

The accompanying notes are an integral part of these condensed interim financial statements.

LABRADOR GOLD CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY - UNAUDITED**

(Expressed in Canadian Dollars)

	Note	Share Capital		Deficit	Share-based payments reserve	Total Shareholders' Equity
		No. of Shares	Amount (\$)	(\$)	(\$)	(\$)
Balance -						
October 1, 2016		17,881,741	9,540,767	(9,312,202)	274,968	503,533
Acquisition of unproven mineral right interests	2, 4	600,000	38,400	-	-	38,400
Private placements, net of issue costs	2	7,124,984	546,550	-	-	546,550
Exercise of warrants	2	77,500	3,875	-	-	3,875
Share-based compensation	2	-	-	-	95,842	95,842
Net loss		-	-	(148,792)	-	(148,792)
Balance -						
June 30, 2017		25,684,225	10,129,592	(9,460,994)	370,810	1,039,408
Tax recovery on issuance of flow-through shares	2	-	(10,683)	-	-	(10,683)
Exercise of options	2	340,000	32,998	-	(12,598)	20,400
Net loss		-	-	(7,074)	-	(7,074)
Balance -						
September 30, 2017		26,024,225	10,151,907	(9,468,068)	358,212	1,042,051
Balance -						
October 1, 2017		26,024,225	10,151,907	(9,468,068)	358,212	1,042,051
Acquisition of unproven mineral right interests	2, 4	1,350,000	283,500	-	-	283,500
Private placements, net of issue costs	2	8,865,000	1,698,640	-	39,240	1,737,880
Exploration expense settled with shares	2	578,327	173,498	-	-	173,498
Exercise of warrants	2	1,975,000	290,750	-	-	290,750
Exercise of options	2	200,000	36,680	-	(16,680)	20,000
Share-based compensation	2	-	-	-	314,120	314,120
Net loss		-	-	(560,338)	-	(560,338)
Balance -						
June 30, 2018		38,992,552	12,634,975	#####	694,892	3,301,461

The accompanying notes are an integral part of these condensed interim financial statements.

LABRADOR GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS - UNAUDITED
(Expressed in Canadian Dollars)

	Nine months ended June 30,	
	2018	2017
	(\$)	(\$)
CASH USED IN OPERATING ACTIVITIES		
Net loss	(560,338)	(148,792)
Items not affecting cash:		
Share-based payments	314,120	95,842
Changes in non-cash working capital items:		
Amounts receivable	(235,817)	(7,365)
Prepaid expenses	(43)	-
Amounts payable and accrued liabilities	388,804	(19,054)
Net cash used in operating activities	(93,274)	(79,369)
CASH PROVIDED BY FINANCING ACTIVITIES		
Issue of common shares for cash	2,087,750	550,425
Share issue costs	(39,120)	-
Net cash provided by financing activities	2,048,630	550,425
CASH USED IN INVESTING ACTIVITIES		
Unproven mineral right interests - acquisition	(255,702)	(15,000)
Unproven mineral right interests - exploration	(1,493,077)	(335,018)
Net cash used in investing activities	(1,748,779)	(350,018)
Increase in cash	206,577	121,038
Cash, beginning of the period	140,959	10,019
Cash, end of the period	347,536	131,057

The accompanying notes are an integral part of these condensed interim financial statements.

LABRADOR GOLD CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

June 30, 2018

(Expressed in Canadian Dollars)

1. REPORTING ENTITY AND BASIS OF PRESENTATION

a) Reporting Entity

Labrador Gold Corp. (formerly Nikos Explorations Ltd.) ("Labrador Gold" or the "Company") is a company involved in the acquisition and exploration of prospective gold projects in the Americas. The Company is domiciled in Canada and its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company's principal office is located at Suite 1260-355 Burrard Street, Vancouver, B.C., V6C 2G8, Canada.

b) Continuance of Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") applicable to a going concern, which assume that the Company will be able to continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption.

The Company is a mineral exploration company with a history of recurring losses and without a source of revenue. At June 30, 2018, the Company had no source of operating cash flow. Operations in recent years have been funded from proceeds from the issuance of equity and cash on hand (Note 2(a)).

Given its current stage of operations, the Company's ability to continue as a going concern is heavily contingent upon its ability to obtain additional financing. If the Company is unable to obtain additional financing in the future, the carrying value of the Company's assets could be subject to material adjustments.

These interim financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

c) Statement of Compliance

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended September 30, 2017.

These interim financial statements were authorized for issue by the board of directors of the Company on August 21, 2018.

d) Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

1. REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

e) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended September 30, 2017.

2. EQUITY

a) Share Capital

Authorized share capital consists of an unlimited number of common shares without par value.

On December 23, 2016, the Company received gross proceeds of \$140,400 from the sale of 1,755,000 units priced at \$0.08 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.13 for a two-year period. A further \$96,150 was raised from the sale of 1,068,334 flow-through shares at a price of \$0.09 per share. Finders fees comprised of 155,400 shares of the Company were issued in connection with this private placement.

On February 2, 2017, the Company received gross proceeds of \$310,000 from the sale of 3,875,000 units priced at \$0.08 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.13 for a two-year period. Finders fees comprised of 271,250 shares of the Company were issued in connection with this private placement.

During the year ended September 30, 2017, the Company issued 600,000 shares valued at \$38,400 for the acquisition of unproven mineral right interests at the Borden Lake Property (Note 4), received proceeds of \$3,875 from the exercise of 77,500 warrants and received proceeds of \$20,400 from the exercise of 340,000 options. The Company also reclassified \$12,598 of previously recorded share-based compensation payment reserve amounts with the exercise of these options and recorded a reduction to share capital of \$10,683 associated with the tax recovery booked in respect of flow-through financings undertaken in the year.

On November 22, 2017, the Company received gross proceeds of \$1,757,000 from the sale of 8,785,000 units priced at \$0.20 per unit. Each unit consisted of one share and one warrant exercisable into one additional share at a price of \$0.30 for a two-year period. A further \$20,000 was raised from the sale of 80,000 flow-through units at a price of \$0.25 per share. Each unit consisted of one flow-through common share and one non-flow through warrant exercisable into one additional share at a price of \$0.35 for a two-year period. Finders fees comprised of \$39,120 in cash and 285,600 warrants of the Company were issued in connection with this private placement.

During the nine months ended June 30, 2018, the Company issued 1,350,000 shares valued at \$283,500 for the acquisition of unproven mineral right interests at the Labrador Properties (Note 4), received proceeds of 290,750 from the exercise of 1,975,000 warrants and received proceeds of \$20,000 from the exercise of 200,000 options. The Company reclassified \$16,680 of previously recorded share-based compensation payment reserve amounts with the exercise of these options. The Company also entered into a shares for debt settlement with an arms' length party, in respect of exploration work provided to the Company on the Labrador Properties. Pursuant to the settlement, the Company issued an aggregate of 578,327 common shares at a price of \$0.30 per share, for a total amount of \$173,498.

Subsequent to June 30, 2018, the Company completed a private placement for gross proceeds of \$3,000,100 (Note 6).

2. EQUITY (continued)

b) Equity Reserve

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

c) Share Options

On March 6, 2017, the Company granted 1,100,000 share purchase options to directors, officers and consultants. The options vested upon grant, are exercisable at a price of \$0.10 per share and have a five-year term to March 6, 2022.

The weighted average fair value of these options was estimated at \$0.0834 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

•	Weighted average share price:	\$0.09
•	Weighted average exercise price:	\$0.10
•	Dividend yield:	0%
•	Risk-free interest rate:	1.16%
•	Pre-vest forfeiture rate:	0%
•	Expected life (years):	5 years
•	Expected volatility:	160.91%

On December 13, 2017, the Company granted 1,620,000 share purchase options to directors, officers and consultants. The options vested upon grant, are exercisable at a price of \$0.20 per share and have a five-year term to December 13, 2022.

The weighted average fair value of these options was estimated at \$0.1939 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

•	Weighted average share price:	\$0.20
•	Weighted average exercise price:	\$0.20
•	Dividend yield:	0%
•	Risk-free interest rate:	1.65%
•	Pre-vest forfeiture rate:	0%
•	Expected life (years):	5 years
•	Expected volatility:	192.05%

A compensation cost of \$314,120 associated with vested options was recognized during the nine months ended June 30, 2018 (nine months ended June 30, 2017: \$95,842).

LABRADOR GOLD CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2018
(Expressed in Canadian Dollars)

2. EQUITY (continued)

The continuity of the number of share options outstanding is summarized as follows:

	Number of Options	Weighted Average Exercise Price (\$)
At start of the period	1,610,000	0.09
Granted	1,620,000	0.20
Exercised	(200,000)	0.10
At end of period	3,030,000	0.15
Vested and exercisable	3,030,000	0.15

For the 200,000 options exercised during the nine months ended June 30, 2018, the weighted average closing share price at the date of exercise was \$0.29.

At June 30, 2018, the weighted average exercise price of options outstanding was \$0.15 (September 30, 2017: \$0.09) and their weighted average remaining contractual life was 3.82 years (September 30, 2017: 3.91).

d) Warrants

On December 23, 2016, the Company issued 1,755,000 warrants exercisable into one Company share at a price of \$0.13 for a two-year period.

On February 2, 2017, the Company issued 3,875,000 warrants exercisable into one Company share at a price of \$0.13 for a two-year period.

The continuity of the number of warrants outstanding is summarized as follows:

	Number of Warrants	Exercise Price
At start of the period	7,480,000	0.13
Granted	9,150,600	0.30
Exercised	(1,975,000)	0.15
At end of period	14,655,600	0.15
Vested and exercisable	14,655,600	0.24

3. RELATED PARTY TRANSACTIONS

The remuneration of directors and members of management during the nine months ended June 30, 2018 and 2017 was as follows:

	Nine months ended June 30,	
	2018	2017
	\$	\$
Management and geological consulting fees	66,600	43,651
Share-based compensation	294,730	33,345
	361,330	76,996

Share-based compensation is the grant date fair value of options vested to directors and officers.

4. UNPROVEN MINERAL RIGHT INTERESTS

	June 30, 2018	September 30, 2017
Labrador Properties		
Acquisition	539,202	-
Deferred exploration	1,676,326	-
	2,215,528	-
Borden Lake Property		
Acquisition	314,185	314,185
Deferred exploration	601,460	600,674
	915,645	914,859
	3,131,173	914,859

Labrador Properties

On September 5, 2017, the Company entered into an option agreement to earn a 100% interest on the Ashuanipi, Nain and Hopedale properties, located in Labrador (the “Labrador Properties”). The terms of the option are the following:

- On receipt of TSX-V approval: payment of \$75,000 and issuance of 450,000 shares in respect of each of the three Labrador Properties (completed);
- On or before September 5, 2018: payment of \$100,000 and issuance of 300,000 shares in respect of each of the three Labrador Properties;
- On or before September 5, 2019: payment of \$150,000 and issuance of 350,000 shares in respect of each of the three Labrador Properties;
- On or before September 5, 2020: payment of \$175,000 and issuance of 400,000 shares in respect of each of the three Labrador Properties;

4. UNPROVEN MINERAL RIGHT INTERESTS (continued)

- On or before September 5, 2021: payment of \$250,000 and issuance of 500,000 shares in respect of each of the three Labrador Properties;

The vendors of the Labrador Properties retain a 2% NSR royalty, half of which may be bought back by Labrador Gold at any time for \$2 million plus \$1 per ounce of gold in measured and indicated resources. An advance royalty of \$25,000 per annum for each property will be payable starting in 2023.

In January 2018, the Company staked an additional 296 claims contiguous to the Ashuanipi property. The Company now has a total of 468 claims contiguous to the original Ashuanipi claims.

In May 2018, the Company staked an additional 92 claims at the Hopedale property.

At June 30, 2018, the Company had incurred acquisition and exploration expenses of \$2,215,528 on the Labrador Properties.

Borden Lake Property

The Company has a 100% undivided interest in the Borden Lake Property (the “Borden Lake Property”) located near Chapleau Ontario. The 1,598-hectare property lies immediately east of Goldcorp’s Borden Lake gold project. The original vendors of the Borden Lake Property retain a 2% net smelter return (“NSR”) royalty, half of which may be bought back by the Company for \$1 million at any time

The Company also entered into an option agreement to earn a 100% interest in six claims located to the south of the Property (the “Additional Claims”). The terms of the option were completed in the year ended September 30, 2017.

At June 30, 2018, the Company had incurred acquisition and exploration expenses of \$915,645 on the Borden Lake Property.

Ownership in mineral right interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the ambiguous conveyance history of many mineral right interests. The Company has investigated ownership of its mineral right interests and, to the best of its knowledge, ownership of its interests are in good standing.

5. SUPPLEMENTAL CASH FLOW INFORMATION

At June 30, 2018, net exploration costs included in amounts payable and accrued liabilities were \$185,010 (September 30, 2017: \$975).

6. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company received gross proceeds of \$2,624,500 from the sale of 10,498,000 units priced at \$0.25 per unit. Each unit consisted of one share and one-half warrant. Each whole warrant is exercisable into one additional share at a price of \$0.35 for a two-year period. A further \$375,600 was raised from the sale of 1,252,000 flow-through units at a price of \$0.30 per share. Each flow-through unit consisted of one flow-through common share and one-half non-flow through warrant. Each whole non-flow through warrant is exercisable into one additional share at a price of \$0.40 for a two-year period. Finders fees comprised of \$180,127 in cash and 780,500 broker units of the Company were issued in connection with this private placement.